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84TH CONGRESS, 2d Session | SENATE | REPORT No. 1791

PROVIDING FOR AN ADEQUATE AND ECONOMICALLY SOUND TRANSPORTATION SYSTEM OR SYSTEMS TO SERVE THE DISTRICT OF COLUMBIA AND ITS ENVIRONS

APRIL 20, 1956.—Filed under authority of the order of the Senate of April 19 (legislative day, APRIL 9), 1956, and ordered to be printed

Mr. MCNAMARA, from the Committee on the District of Columbia, submitted the following

REPORT

[To accompany S. 3073]

The Committee on the District of Columbia, to whom was referred the bill (S. 3073) to provide for an adequate and economically sound transportation system or systems to serve the District of Columbia and its environs; to create and establish a public body corporate with powers to carry out the provisions of this act; and for other purposes, after full consideration, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The committee amendments strike out all of the bill after the enacting clause and substitute therefor a new bill which appears in the reported bill in italic type and amend the title.

HISTORY

Public Law 389, 84th Congress, approved August 14, 1955, among other things, repealed the charter and franchise of the Capital Transit Co., effective 1 year from the date of its enactment.

On August 22, 1955, the Public Utilities Commission of the District of Columbia issued an invitation for interested applicants to submit proposals to furnish an all-bus mass transit service commencing August 15, 1956, to replace the mass transit service furnished until that date by the Capital Transit Co. The Board of Commissioners joined with the Public Utilities Commission in assuring prospective applicants that both bodies would recommend to the Congress that a legislative franchise be granted to the successful applicant. They

also indicated that recommendations would be made for certain tax exemptions and relief from the cost of snow removal.

Proposals were received from six applicants for the permit and detailed conferences were held with each. However, the Public Utilities Commission reported that none of the applicants met the requirements considered essential for the issuance of a permit, and no further proposals by private enterprise have been submitted to date.

The Commissioners submitted a bill (S. 3073) which was introduced (by request) on January 30, 1956, to create a Washington Metropolitan Transit Authority. Hearings were held on this bill by the full committee on February 1, 7, 14, 15, and 16, and March 14, of this year. In addition, sessions of the full committee and the Subcommittee on Public Health Education, Welfare, and Safety were held on January 31, March 13, 28, and 29, and April 12, 1956.

As a result of the above-mentioned meetings, your committee has amended S. 3073 by striking all after the enacting clause and inserting provisions to accomplish the following purposes:

Purposes

This legislation would create a public body corporate (Washington Metropolitan Transit Authority) consisting of the Commissioners of the District of Columbia, for an interim period of 3 years, which, beginning August 15, 1956, would render passenger transportation service in the District of Columbia to replace the service formerly provided by the Capital Transit Co.

The Authority is given the exclusive right to provide mass transportation service in the District of Columbia, except for franchise rights of passenger carriers (other than Capital Transit Co.) existing on the date of the enactment of this act. The bill provides further that the Authority may operate within the metropolitan area. However, it may not commence nor conduct operations in interstate commerce in competition with the then existing operations of any other system, except such operations as are conducted by the Capital Transit Co. on the date of enactment of this act. The Authority would be permitted to operate intrastate within the portion of the Washington metropolitan area beyond the District only if authorized by the jurisdictions concerned.

The Authority would have power to acquire, construct, own, operate, and maintain for public service a transportation system or systems in the Washington metropolitan area, and to provide service at reasonable rates for the residents of such area. In carrying out its duties, the Authority would have the power of eminent domain in the District of Columbia, and also in other parts of the metropolitan area if permitted by the respective States.

The bill also authorizes the sale of such transportation system or systems to a private operator if, during the 3-year interim period, a sound proposal for private ownership is submitted to the Authority which would provide the residents of the Washington metropolitan area with an adequate and efficient transit service. The Commissioners must report to the Congress on or before June 30, 1958, what steps have been taken to sell the property of the Authority and, if not sold, the reasons why, in their opinion, such a sale has not been effectuated.

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Provision is also made that in the event private interests do not acquire the transportation system or systems during the interim period, then the existence of the public body corporate shall continue and the Commissioners of the District of Columbia on and after October 1, 1959, are authorized to appoint a Board of Directors of the Authority to consist of five members.

The Authority is granted broad powers to establish and manage an effective transportation system in accordance with sound business practices. It is exempted from laws and regulations which are designed for normal governmental functions but are too restrictive for an operation of this type.

In order to provide interim financing for the Authority, the Board of Commissioners is authorized at any time prior to July 1, 1960, to issue interest-bearing obligations of the District of Columbia for purchase by the Secretary of the Treasury in an amount not to exceed $20 million. At the end of the 3-year interim period, if no private purchaser has been found for the system or systems, the Authority would be financed through the sale of its revenue bonds to the public or other instruments of its own credit, and would not be empowered to pledge the credit of the United States or of the District of Columbia. It is contemplated that the initial operations would be financed through the use of the $20 million Government loan, and that this loan would be paid with the proceeds of the sale of such system or systems to private enterprise or with the proceeds of the sale of revenue bonds to the public.

The Authority would be self-regulating in the establishment of schedules, routings, and changes therein, conditions of service, and in setting fares or other fees for service, except in respect to the intrastate operations outside the District of Columbia.

The Authority is directed to establish a suitable organization and to make its own provisions, with certain limitations, for the terms of employment and compensation of its officers and employees, including the power to bargain collectively and, in case of dispute of wages, salaries, hours, working conditions, health and welfare, insurance, or pension or retirement, where collective bargaining and mediation do not result in agreement, the Authority may agree to submit such dispute to a tripartite board of arbitration.

The bill provides that if the Authority acquires a transportation system in operation by a public utility, all of the employees in the operating and maintenance divisions of such transit utility, and all other employees except corporate officers, shall be offered transfer and appointment as employees of the Authority up to the maximum number required.

The Authority is not clothed with Government immunity, but is subject to suit, with the provision that notice of injury or damage to persons or property must be given to the Board within 6 months after the alleged occurrence.

The Authority is given the power to issue regulations governing the use of its properties and to set limited penalties for enforcement thereof. It is authorized to initiate investigations into matters relating to its activities.

Detailed provisions of the bill are set forth in the following section-by-section analysis:

SECTION-BY-SECTION ANALYSIS

TITLE I—GENERAL PROVISIONS

DECLARATION OF PURPOSES

Section 101

This section declares it to be a matter of legislative determination that the Washington metropolitan area, a community with its center in the city of Washington, the seat of government of the United States, which is the largest single employer of residents of the area, requires that an adequate and economically sound transportation system or systems serving such area is essential to—

(1) The proper functioning of the United States Government;

(2) Commerce among the States and the District of Columbia;

(3) The health, welfare, and safety of the public including civilian and military personnel and the Defense Establishment of the Government of the United States in the District of Columbia and the metropolitan area; and

(4) The national defense.

It is also declared that by reason of Public Law 389 of the 84th Congress the Capital Transit Co. will not continue its operations after August 14, 1956; that the establishment of an adequate transportation system for the metropolitan area as a replacement for Capital Transit Co. cannot be accomplished at the present time by ordinary operations of private enterprise without public participation; that it therefore becomes necessary—

(1) To create a public body corporate for an interim period with powers to acquire, extend, improve, and operate an adequate transportation system or systems in the metropolitan area;

(2) To authorize the transfer of such transportation system or systems to private ownership if during such interim period a sound proposal for private ownership is submitted to such public body corporate;

(3) To provide that if, during such interim period, private interests do not acquire such transportation system the said public body corporate is continued; and

(4) To provide that such public body corporate shall have the exclusive franchise to operate a transportation system within the District of Columbia except for such operations as are lawfully in existence as of the date of enactment of this act, and that the acquisition, extension, improvement, and operation of a transportation system or systems by such public body corporate is declared to be a public use and purpose.

DEFINITIONS

Section 102

This section defines terms used in the act, including the following:

(1) "Transportation system" means all of the facilities, plants, equipment, real property, personal property, franchises, and rights of whatever nature useful for the transportation of passengers for hire, except taxicabs and sightseeing buses and transportation facilities extending beyond the boundaries of the Washington metropolitan area, and railroad lines and terminal facilities used in connection therewith and includes, without limitation, street railways, elevated

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railroads, subways, underground railroads, motor vehicles, trolleys, trackless trolley buses, motor buses, and any combination thereof, or any other form of mass passenger transportation.

(2) "Washington metropolitan area" means and embraces all of the territory in the District of Columbia, in the cities of Alexandria and Falls Church, and Arlington and Fairfax Counties in Virginia, and in Montgomery and Prince Georges Counties in Maryland.

ACT CONTROLLING

Section 103

This section provides that the act shall be controlling insofar as the provisions of any other law are inconsistent therewith.

SEPARABILITY

Section 104

This section contains a separability clause.

TITLE II—INTERIM AUTHORITY

CREATION OF AUTHORITY

Section 201

This section creates the "Washington Metropolitan Transit Authority," a public body corporate, as an agency and instrumentality of the District of Columbia, whose existence shall expire on August 15, 1959. The powers of the Authority would be vested in a Board of Directors, consisting of the District Commissioners.

POWERS OF AUTHORITY

Section 202

This section grants to the Authority all the powers necessary to effectuate the purposes of the act, including powers:

(a) To sue and be sued in any appropriate Federal, State, or municipal court but precludes execution against any property of the Authority.

(b) To create and use a corporate seal.

(c) To promulgate and enforce bylaws, rules, and regulations.

(d) To make, deliver, and receive legal instruments and to take title to property in its own name.

(e) To maintain a principal office in the District, and suboffices in the Washington metropolitan area.

(f) To acquire and operate a transportation system or systems in the Washington metropolitan area.

(g) To borrow money and issue bonds and other evidences of obligations.

(h) To establish and regulate charges for its services.

(i) To employ personnel and fix their compensation and duties.

(j) To receive and accept from any public or private source grants and contributions.

(k) To receive authorization from any State, municipality, or other political subdivision of the Washington metropolitan area to operate a transportation system therein.

(l) To enter into contracts with the operators of other transportation systems within the Washington metropolitan area and to provide for transportation of passengers for hire.

(m) To obtain all types of insurance.

(n) To contract with others for the operation and maintenance of its transportation system or part thereof.

ACQUISITION AND USE OF PROPERTY

Section 203

(a) This subsection empowers the Authority to acquire by purchase, lease, gift, or otherwise, or by eminent domain, all or any part of the property of any transportation system within the Washington metropolitan area, and to acquire in like manner any property and rights useful for its purposes, subject to the restrictions and limitations of the act. The eminent domain power could be exercised within a State only if authorized by the State.

(b) This subsection empowers the Authority to acquire the capital stock of a corporation owning such a transportation system.

(c) This subsection empowers the Authority to contract for the joint use of any property by the Authority and any public utility operating within the Washington metropolitan area, as well as to enter into contracts with any transportation system within or without such area for the use or joint use of such property, for the establishment of through routes, joint fares, and transfer of passengers.

POWER OF EMINENT DOMAIN

Section 204

(a) This subsection empowers the Authority to acquire by eminent domain any real or personal property, tangible or intangible, situated or having a legal situs in the District of Columbia, which is necessary for the purposes of the Authority. The Authority would not be authorized to acquire property—

> of a railroad, terminal, or public utility primarily operating or engaged in terminal business incident to the operation of transportation facilities extending beyond the boundaries of the Washington Metropolitan Area which is used or useful in the transportation or terminal business of such railroad, terminal, or public utility.

(b) This subsection requires that such proceedings be brought in the name of the Authority and that property be taken in its name.

(c) This subsection vests jurisdiction of such condemnation proceedings in the United States District Court for the District of Columbia.

(d) This subsection authorizes the taking, before trial, of property and provides for deposit of estimated compensation into court registry.

CONTROL AND USE OF PUBLIC WAYS

Section 205

This section empowers the Authority to require operators of other public utilities to remove or relocate their facilities when necessary for Authority purposes, the cost to be paid by the Authority, except that the Authority would not bear cost of increasing capacities of such facilities incidental to relocation or removal. Rights, duties, obligations, and liabilities of the Capital Transit Co. are not affected by this section.

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EQUIPMENT TRUST CERTIFICATES

Section 206

(a) This subsection empowers the Authority to execute agreements, leases, and equipment trust certificates in connection with the purchase of facilities and equipment. All moneys which the Authority is required to pay under such leases, agreements, and equipment trust certificates must be paid solely from revenue from operation of transportation system, or from grants and loans available to the Authority.

(b) This subsection authorizes the Authority to include in purchase agreements provision whereby title to property is held by trustee for benefit and security of equipment trust certificates.

(c) This subsection requires such agreements and leases to be acknowledged before a proper person, provides that they be authorized by the Board and shall contain covenants to insure their payment.

(d) This subsection provides that such covenants shall not conflict with the provisions of bonds or other obligations of the Authority or be in derogation of the rights of holders thereof.

(e) This subsection requires that a copy of each such agreement and lease be filed in the Office of the Recorder of Deeds; and provides for a filing fee; also that the owner and lessor's name shall be placed on each vehicle so purchased and leased.

TAX EXEMPTION AND PUBLIC SERVICES

Section 207

(a) This subsection makes the Authority and its property exempt from taxation by the United States of America, or by the District of Columbia, except taxes imposed under the Federal Unemployment Tax Act, the Federal Insurance Contributions Act, and the District of Columbia Unemployment Compensation Act. The Authority would be required to pay, in lieu of taxes on motor vehicle fuel imposed by the District of Columbia, an amount equal to taxes on such fuel which would be payable if it were not exempt, but such payment would be made only to the extent that revenues in each fiscal year are sufficient to make such payment in whole or in part after payment or provision has been made for all operating and maintenance expenses, taxes, if any, interest and principal and sinking fund payments on fixed interest obligations, depreciation, and such other payments and reserves as may be required under resolution of the Board of the Authority authorizing issuance of bonds or trust agreements or contracts of the Authority.

(b) This subsection provides that obligations and interest thereon issued by the Authority shall be exempt from all Federal and District taxation except estate, inheritance, and gift taxes and shall also be exempt from taxation by any State, Territory, or possession of the United States or any county, municipality, or other municipal subdivision or taxing authority thereof.

(c) This subsection empowers the Authority to contract with the District of Columbia for special services, facilities, and improvements to be furnished by the District in connection with any transportation system located therein and authorizes the District, in the discretion of the Commissioners, to do any and all things necessary or convenient to aid in planning, undertaking, construction, and operation of such transportation system, with or without consideration.

FUNDS AND FINANCIAL TRANSACTION OF THE AUTHORITY

Section 208

(a) This subsection provides that all moneys received pursuant to the act, whether as proceeds from the sale of bonds, revenues, or otherwise, shall be deemed to be trust funds to be held and applied solely as provided in the act.

(b) This subsection requires the Authority to employ certified public accountants to establish an accounting system, perform appropriate audits, and to prepare an annual fiscal report, in lieu of audit or review by the Comptroller General. In addition to the services performed by the certified public accountants, the Comptroller General would make such review of financial operations of the Authority as he deems necessary during any period while the Authority is indebted to the District for moneys loaned which the District obtained by the sale of obligations to the United States Treasury under section 217.

SERVICES AND RATES

Section 209

(a) This subsection empowers the Authority to make rules and regulations necessary for the operation of the transportation systems of the Authority, and empowers the Authority to determine schedules and routings, subject to regulations of appropriate authority for the regulation and control of traffic and operation and safety of vehicles. The Authority is empowered to fix fares, tolls, rates, fees, etc., for the use of its property without obtaining consent of the Interstate Commerce or Public Utilities Commissions or other agency of the United States or the District of Columbia.

(b) This subsection empowers the Authority to provide free transportation to firemen and policemen in uniform and in performance of their duties; also to make contracts with the Post Office Department for carrying mail, parcel post, and letter carriers.

PERSONNEL

Section 210

(a) This subsection empowers the Board of the Authority to establish a personnel system independent of any existing system; to fix rates of pay for its employees and require bonds of such employees as the Authority deems appropriate, and to pay premiums for such bonds.

The Authority is empowered to bargain collectively and to enter into written contracts with employees through their accredited representatives or any authorized labor organization concerning wages, salaries, hours, working conditions, health and welfare, insurance, and pension or retirement provisions, and in case of dispute over such matters, the Authority may agree to submit the dispute to a tripartite board of arbitration and shall agree that the decision of a majority of such arbitration board be final and binding; each party to pay one-half of the expense of arbitration.

(b) This subsection requires the Authority to offer employment to all employees of any transportation system in operation by a public utility which the Authority may acquire, except corporate officers, such employees to be given seniority credit in accordance with the

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records and labor agreements of the transportation utility. Employees of such utility who left to enter military service of the United States would have the same rights in relation to the Authority, under the Universal Military Training and Services Act, as they would have had in relation to the transportation utility.

Members and beneficiaries of any pension or retirement system established by such transportation utility would continue to have the same rights, benefits, obligations, and status. The Authority is required to establish and maintain a sound pension and retirement system. The Authority together with its employees, acting through their representatives for collective bargaining, shall take necessary action to have pension trust funds presently under joint control of transit utility and participating employees transferred to a trust fund to be established, maintained, and administered jointly by the Authority and participating employees through their representatives. All officers and employees appointed by the Authority shall be allowed to become members or beneficiaries of the pension or retirement system established by the Authority with uniform rights, privileges, obligations, and status as to the class in which they belong. The terms and provisions of any pension or retirement system affecting employees who are members of any labor organization may be established or modified by agreement or arbitration with such labor organization.

(c) This subsection provides the employees of the Authority are, notwithstanding any other law, subject to the following laws:

(1) Section 9, Universal Military Training and Services Act, and related statutes affecting reemployment rights of persons entering the Armed Forces of the United States;

(2) Title II of the Social Security Act and related provisions of the Federal Insurance Contribution Act;

(3) Section 6 of the act approved May 10, 1916, relating to double salaries;

(4) Section 212 of the act approved June 30, 1932, relating to the retired pay of members of the Armed Forces;

(5) The act approved July 31, 1894, relating to dual employment;

(6) The Longshoremen's and Harbor Workers' Compensation Act;

(7) The District of Columbia Unemployment Compensation Act;

(8) The Federal Unemployment Tax Act.

(d) This subsection provides that the employees of the Authority shall not be subject to the following:

(1) The Civil Service Act of January 16, 1883;

(2) Federal Employees Group Life Insurance Act;

(3) The Civil Service Retirement Act;

(4) The Classification Act of 1949;

(5) The Federal Employees Pay Act of 1945;

(6) The Annual and Sick Leave Act of 1951;

(7) The act of September 1, 1954, relating to certain fringe benefits for Federal employees;

(8) The Performance Rating Act of 1950;

(9) The Veterans Preference Act of 1944.

(e) This subsection amends the District of Columbia Unemployment Compensation Act and the Federal Unemployment Tax Act to conform with other provisions of the section.

(f) This subsection authorizes the Authority to borrow, from the United States or the District governments, services of their employees on a reimbursable basis.

(g) This subsection defines the word "employee" as used in subsections (c) and (d) so as to include officers but exclude members of the Board of Directors of the Authority.

REPORTS

Section 211

(a) This subsection requires the Authority to file an annual report with the Congress.

(b) This subsection requires the Authority to publish, in a newspaper of general circulation in the District of Columbia, an annual income statement and a balance sheet showing its condition at the end of each fiscal year.

CLAIMS AND SUITS

Section 212

(a) This subsection prohibits the Authority from defending any suit on the ground of governmental immunity, but requires any person claiming damage to person or property to give written notice to the Authority within 6 months after the injury or damage was sustained.

(b) This subsection provides that neither the United States nor the District of Columbia shall be liable for any act of the Authority.

(c) This subsection provides that the members of the Board of Directors of the Authority shall not be personally liable in damages for their official actions performed in good faith.

VEHCILE REGULATIONS

Section 213

This section provides that the power of the Authority shall be exercised subject to laws and regulations promulgated by the proper agencies relating to the regulation and control of traffic.

POLICING OF AUTHORITY PROPERTY

Section 214

(a) This subsection authorizes the District Commissioners to appoint special policemen for duty in connection with the property of the Authority.

(b) This subsection authorizes the Board of Directors of the Authority to make and enforce reasonable regulations for the protection of lives, limbs, health, comfort, and quiet of passengers and the protection of the property of the Authority.

(c) This subsection requires that regulations promulgated by the Authority shall be printed in newspapers of general circulation published in the District of Columbia.

INVESTIGATIONS

Section 215

This section authorizes the Authority to investigate any matter relating to public transportation within the District of Columbia, the enforcement of its rules, and the conduct and efficiency of its officers, agents, and employees. The Board is empowered to subpena wit-

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nesses and to administer oaths to such witnesses. False testimony before the Board would be perjury.

EXCLUSIVE OPERATING RIGHTS

Section 216

(a) This subsection gives the Authority the exclusive right to operate a transportation system or systems in the District of Columbia except for such transportation systems lawfully operating at the date of the enactment of this act.

(b) This subsection authorizes the Authority to operate a transportation system or systems in the Washington metropolitan area, but it may not commence nor conduct such operations in interstate commerce in competition with the then existing operations of any other system, except such operations as are so conducted by Capital Transit Co. at date of enactment of act. No further operations in interstate commerce may be commenced without certification by Interstate Commerce Commission that such operations are not in competition with the then existing operations of any other transportation system.

TEMPORARY FINANCING

Section 217

(a) This subsection provides that in exercising borrowing authority under the interim financing provisions, the transportation charges be fixed as though private financing only were involved, and shall cover all costs of operation and maintenance, including depreciation, interest, and reasonable amortization.

(b) This subsection provides for the financing of the acquisition of a transportation system or systems, to pay the fees and expenses of consulting engineers, financial consultants, attorneys, and other services necessary to plan, acquire, construct, organize, and operate such system or systems, to determine the feasibility thereof from an economic and financial standpoint, and to provide adequate working capital by authorizing the District Commissioners to arrange with the Secretary of the Treasury for interim financing, pending the sale by the Authority of its property to a qualified purchaser, or pending the sale of obligations of the Authority to the public. In order to provide this interim financing the District Commissioners are authorized, at any time prior to July 1, 1960, to issue District of Columbia obligations for purchase by the Secretary of the Treasury in an amount not exceeding $20 million and to advance the proceeds thereof to the Authority for the aforementioned purposes.

Advances made to the Authority shall be subject to such terms and conditions as the Commissioners may prescribe and shall bear interest at a rate not less than the rate upon obligations of the District purchased by the Secretary of the Treasury under this section. Such advance made to the Authority shall be repaid at the earliest practicable time, and in any event before any securities, other than equipment trust or other obligations issued under section 206 subsequently issued by the Authority, are repaid.

The sums advanced to the Authority pursuant to this subsection shall become immediately available for carrying out the purposes of the act including, without limitation, authority to make purchases and contracts.

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(c) This subsection authorizes the District Commissioners, with approval of the Secretary of the Treasury, to provide what shall be the denominations, form, maturity (prior to July 1, 1960), and repayment of obligations purchased by the Treasury to provide interim financing.

(d) This subsection provides that the interest rate for all such obligations shall be determined by the Secretary of the Treasury by estimating average yield to maturity, on the basis of daily market bid quotations or prices during the month preceding the calendar quarter in which the obligation is issued, on all outstanding taxable marketable obligations of the United States having comparable maturity, and by adjusting such estimated yield to the nearest one-eighth of 1 percent, plus one-half of 1 percent.

(e) This subsection directs the Secretary of the Treasury to purchase District of Columbia obligations issued under this section.

(f) This subsection provides that section 217 relating to interim financing shall not be construed as limiting the amounts of equipment trust certificates, bonds, or other obligations which the Authority may issue under other provisions of the act.

TITLE III—TRANSFER OF TRANSPORTATION SYSTEM TO PRIVATE OPERATION

SALE OF PROPERTY

Section 301

(a) This subsection authorizes the Authority to sell, prior to August 15, 1959, the property which it has acquired which is useful in the operation of a transportation system, to any purchaser eligible to receive a certificate of authority and which in the judgment of the Authority can provide adequate transportation service in the Washington metropolitan area.

(b) This subsection directs that the proceeds of any such sale shall be used to repay obligations of the Authority owing to the District of Columbia.

FRANCHISE

Section 302

This section empowers the District Commissioners to grant a certificate of authority to operate as a common carrier of persons for hire, to any private corporations organized with the corporate tight to operate in the District as a common carrier. Such operations would be subject to the jurisdiction of the Public Utilities Commission and to laws usually applicable to such carrier.

TAX EXEMPTION

Section 303

This section empowers the District Commissioners, in the public interest, to exempt any such corporation from liability to pay any District of Columbia taxes, in whole or in part.

TERMINATION OF AUTHORITY

Section 304

This section terminates the existence of the Authority upon a sale of its property, but continues its existence for purposes of liquidation and closing out of its affairs. The Authority is required to close out its affairs as expeditiously as possible.

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COMMISSIONER'S REPORT TO CONGRESS

Section 305

This section requires the Commissioners to report to Congress what steps have been taken to effectuate a sale of the property, and if not sold by June 15, 1958, to report within 15 days why, in their opinion, the sale has not be effectuated.

TITLE IV—AUTHORITY MADE PERMANENT

PERMANENT AUTHORITY

Section 401

(a) This subsection makes the Authority perpetual on and after August 15, 1959, if prior to such date it has not sold its property. In such event the provisions of title IV of the act come into effect. These provisions would be in addition to the provisions contained in title II, which provisions are continued in effect.

(b) This subsection provides that beginning October 1, 1959, the Board of Directors of the Authority shall consist of five residents of the Washington metropolitan area appointed by the Commissioners, with staggered 5-year terms and with compensation not exceeding $3,600 in any one year. Not more than three Board members shall be of the same political party. Until three of such appointed members qualify, the Commissioners shall constitute such Board. The Commissioners may remove any Board member for incompetency, neglect of duty, malfeasance in office, or conviction of a crime.

(c) (1) This subsection provides that the members of the Board of Directors of the Authority appointed by the Commissioners shall be subject to the following laws:

(*a*) Title II of the Social Security Act and related provisions of the Federal Insurance Contributions Act.

(*b*) The Longshoremen's and Harbor Workers' Compensation Act.

(2) The members of the Board appointed by the Commissioners shall not be subject to the following laws:

(*a*) Section 9 of the Universal Military Training and Services Act and related statutes affecting reemployment rights of persons entering the Armed Forces of the United States.

(*b*) Section 6 of the act of May 10, 1916, relating to double salaries.

(*c*) Section 212 of the act approved June 30, 1932, relating to the retired pay of members of the Armed Forces.

(*d*) Section 2 of the act of July 31, 1894, relating to dual employment.

(*e*) The District of Columbia Unemployment Compensation Act.

(*f*) The Federal Unemployment Tax Act.

(*g*) The Civil Service Act of 1883.

(*h*) Federal Employees Group Life Insurance Act.

(*i*) The Civil Service Retirement Act.

(*j*) The Classification Act of 1949.

(*k*) The Federal Employees Pay Act of 1945.

(*l*) The Annual and Sick Leave Act of 1951.

(*m*) The Federal Employees Fringe Benefit Act of September 1, 1954.

(*n*) The Performance Rating Act of 1950.
(*o*) The Veterans Preference Act of 1944.

(d) This subsection provides that three directors shall constitute a quorum of the Board; that the Authority may act upon a vote of the majority of the Directors present unless a larger number is required by the bylaws of the Authority; that the Board shall at least biennially elect a chairman and vice chairman; that the Authority may delegate to any director, officer, agent, or employee, such powers or duties as it deems proper; board meetings shall be held at least once each month; and that all documents and records of the Authority shall be open to public inspection except such as shall be kept or prepared by the Authority for use in negotiations, actions, or procedures to which the Authority is a party.

(e) This subsection provides that the Authority and the Board of Directors shall be bound by all actions, proceedings, and contracts taken, authorized, or entered into by the District Commissioners while functioning as the Board of the Authority.

POWER TO ISSUE BONDS

Section 402

(a) This subsection empowers the Authority to issue its negotiable bonds for any of its corporate purposes, including the power to refund any such bonds and to issue new bonds.

(b) This subsection provides that principal and interest on such bonds shall be payable from moneys or revenues of the Authority subject only to agreements with holders of particular bonds pledging any particular moneys or revenues.

(c) This subsection provides that such bonds shall be negotiable instruments.

(d) This subsection authorizes the Authority to issue temporary bonds or receipts prior to the preparation of definitive bonds.

(e) This subsection empowers the Authority to authorize by resolution such bonds, containing such provisions as the Authority determines, except that the interest rate shall not exceed 6 percent per annum.

(f) This subsection provides that such bonds be signed by the Chairman or Vice Chairman of the Board or by their facsimile signatures.

(g) This subsection empowers the Authority to sell such bonds in such manner and for such price as it may determine to be for the best interest of the Authority.

(h) This subsection empowers the Authority to appoint such trustees, paying agents, or other fiduciaries as it may deem necessary.

PROVISION FOR SECURING BONDS

Section 403

(a) This subsection empowers the Authority, in order to secure such bonds, to (1) pledge all or part of its revenues, and any other moneys available to it, except moneys advanced by the Commissioners of the District of Columbia; (2) covenant against pledging all or part of its revenues or mortgaging its property or permitting a lien thereon; covenant with respect to limitations on the disposition of any transportation system or part thereof or property of any kind; (3) covenant as to the bonds to be issued, and all incidents thereof, and disposition of the proceeds thereof and as to the issuance of additional

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bonds or limitations on the issuance of additional bonds, and on the incurring of other debts; (4) covenant as to the payment of principal or interest on such bonds or other obligations, and priority with respect to any lien or security or as to the acceleration of maturity of any such bonds or other obligations; (5) provide for the replacement of lost, destroyed, or mutilated bonds; (6) covenant against extending time for payment of bonds or interest; (7) covenant as to the redemption of bonds; (8) covenant as to the rates of tolls and other charges to be established and charged, the amount to be raised each year or other period of time by fares, tolls, rates, etc., and as to the use and disposition to be made thereof; create special funds for construction, operating expenses, depreciation, payment of bonds, reserves, or other purposes; (9) establish procedure by which terms of any contract or covenant with or for benefit of bondholders may be amended or abrogated; (10) covenant as to the maintenance of property, its replacement, and insurance to be carried thereon; (11) provide for rights, liabilities, powers, and duties arising from breach of any covenant, condition, or obligation; and prescribe terms and conditions upon which bonds shall become due and payable before maturity; (12) vest in trustees such property, rights, powers, and duties in trust for bondholders as the Authority may determine; (13) limit rights of bondholders to enforce any pledge or covenant securing bonds; and (14) make other covenants as may be necessary or desirable in order to better secure the bonds or make them marketable.

(b) This subsection provides that any pledge of revenues or moneys made by the Authority shall be binding from the time when the pledge is made and revenues or moneys so pledged and thereafter received by the Authority shall immediately be subject to the lien of the pledge without physical delivery thereof or further act.

(c) This subsection provides that the Authority may issue bonds under the provisions of the act without the consent of any department, agency, or officer of the District of Columbia or the United States and without any other proceeding or condition except as may be required specifically by the act.

(d) This subsection provides that moneys of the Authority or moneys held in pledge or otherwise for the payment of bonds may be secured in such manner as the Authority may require and makes it lawful for banks and trust companies incorporated under the laws of the United States which may act as depositary of any such funds to furnish such indemnification as the Authority may require. The subsection also provides that the Authority shall not be required to maintain any of its funds on deposit in the Treasury of the United States.

(e) This subsection provides that neither the Directors of the Authority nor any person executing bonds shall be liable personally thereon by reason of such execution.

(f) This subsection provides the Authority may purchase bonds out of any available funds and cancel or resell such bonds, subject to agreements with bondholders.

(g) This subsection authorizes the Authority to mortgage or pledge all or any part of its real or personal property in order to secure the payment of its bonds or other obligations.

REFUNDING BONDS

Section 404

This section authorizes the Authority to provide by resolution for the issuance of refunding bonds.

BONDS TO BE OBLIGATIONS OF AUTHORITY ONLY

Section 405

This section provides that such bonds shall not constitute a debt or liability of the United States or of the District of Columbia or of any political subdivision or any municipality within the Washington metropolitan area, or a pledge of the faith and credit thereof but shall, unless refunded by bonds of the Authority, be payable solely from the funds pledged or available for their payment. The bonds shall contain on their face a statement that the Authority alone is obligated to pay the same and the interest and that neither the United States, the District of Columbia, nor any political subdivision or municipality in the metropolitan area is obligated to pay the same, or the interest thereon, and neither the faith and credit nor the taxing power of the United States of America or the District of Columbia or any political subdivision or municipality in the metropolitan area is pledged to pay principal or interest on such bonds.

LEGISLATION TO CONSTITUTE CONTRACT

Section 406

This section is an agreement with the bondholders that the Congress of the United States will take no action to impair the rights of the bondholders.

BONDS LEGAL INVESTMENTS

Section 407

This section declares these bonds to be legal investments so that sinking, insurance, retirement, compensation, pension, and trust funds may be invested therein regardless of restrictions on investments contained in any other laws.

REMEDIES OF BONDHOLDERS

Section 408

(a) This subsection provides that any bondholder may, either at law or in equity, by suit, action, mandamus, or other proceeding, protect and enforce his rights and compel the performance by the Authority of its duties.

(b) This subsection authorizes any trustee under any trust agreement to have a receiver appointed in the event of default by the Authority on its bonds and authorizes the receiver to act in the same manner as the Authority might do and it further authorizes that the costs of the receivership shall be a first charge on any revenues of the Authority pledged under such trust agreement.

(c) This subsection provides that nothing in the act shall authorize any receiver to sell, assign, or otherwise dispose of assets of the Authority, except as permitted under the trust agreement. The receiver's powers are limited to operation and maintenance of the transportation system of the Authority under the court's direction.

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(d) This subsection vests exclusive jurisdiction in the United States District Court for the District of Columbia of any proceeding by any trustee of the Authority in which the appointment of a receiver is requested.

Changes in Existing Law

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law in the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

(49 Stat. 946; Section 46–301, D. C. Code, 1951 Edition)

* * * * *

"(E) service performed in the employ of the District, or of any other State, or of any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by the District or by one or more States or political subdivisions; and any service performed in the employ of any instrumentality of the District or of one or more States or political subdivisions to the extent that the instrumentality is, with respect to such service, exempt under the Constitution of the United States from the tax imposed by section 1600 of the Federal Internal Revenue Code: *And provided further, That this subparagraph (E) shall not apply to the employees of the Washington Metropolitan Transit Authority, which for the purposes of this Act shall be deemed to be a covered employer;*

(Section 3306 of the Federal Unemployment Tax Act (Internal Revenue Code of 1954, chapter 23), as amended, is amended by inserting at the end thereof a new subsection "(o)" reading as follows:)

(o) Employees of the Washington Metropolitan Transit Authority.—For the purposes of this chapter, and notwithstanding the provisions of paragraph (7) of subsection (c) hereof, the term "employment" shall include service in the employ of the Washington Metropolitan Transit Authority, and the Board of Directors of such Authority, as the employer of individuals whose service constitutes employment by reason of this subsection, is authorized and directed to comply with the provisions of this chapter 23.

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